



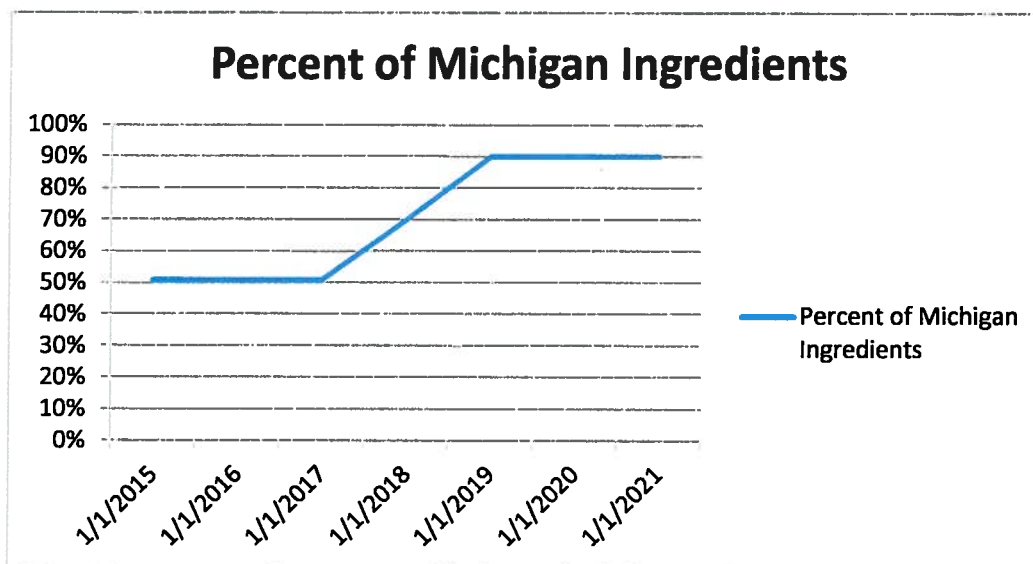
House Bill 5275

Key Goals:

1. Promote Michigan Agriculture
2. Promote Michigan Beer, Wine, Mead, Hard Cider and Distillers
3. Easily Identify those alcoholic products produced in Michigan with Michigan Ingredients

Bill Highlights

1. Provides a tax credit of \$0.08 per gallon for the first 500,000 gallons
2. Provides a tax credit of \$0.04 per gallon for production between 500,000 gallons and 15 million
3. 51% of Ingredients must be grown in Michigan to receive the credit, starting January 1, 2015
4. 70% of Ingredients must be grown in Michigan to receive the credit, starting January 1, 2018
5. 90% of Ingredients must be grown in Michigan to receive the credit, starting January 1, 2019
6. Provides a natural disaster exemption if one or more ingredients are destroyed



Capital News Service

Made in Michigan proposal could save breweries money

Posted on February 7, 2014 by CNS

By ASHLEY WEIGEL

Capital News Service

LANSING — Let the Germans make our beer? Michigan legislators say “no thanks” with a proposal to support the state’s own talented brewers.

Rep. Doug Geiss, D-Taylor, introduced a bill in the House recently, nicknamed the “Michigan farm to glass” bill, which could give Michigan brewers, winemakers and mead makers a tax credit for using crops grown or produced in the state.

The goal is to usher in a closer association between the farmers who grow the ingredients and the brewers who use them, Geiss said, and to help encourage use of Michigan crops with the surge of beer, wine and mead makers. Other states have proven that promoting the use of their crops increases the use of local hops, mead, wheat and other alcohol-related crops, said Geiss, a home brewer and a member of the House Agricultural Committee.

Ken Schramm, owner of Schramm’s Mead in Ferndale, is very supportive of the measure.

“I’m a brand-new business, and I’m not an accountant and I’m not an attorney, but I saw a tax break and knew it would help out,” Schramm said. Saving money is especially important for Michigan brewers this year, since the rough winter could lead to a tough year for growers.

“We need to support them and us,” he said.

Jim Crank, owner of Cranker’s Brewery in Big Rapids, said he already buys local as much as

possible, but having an incentive never hurts. He thinks all the brewers in Michigan will be in support of this bill.

"The bill just makes sense," he said.

The bill, cosponsored by both House Democrats and Republicans, would also create a label for alcohol containers to designate that the beverage is Michigan-made.

"Right now there's nothing to let you know where the ingredients are from in the beer you're consuming," Geiss said. The logo would create the branding for those products in the state.

Rep. Scott Dianda, D-Calumet, one of the cosponsors of the bill, said it supports job creation.

Along those lines, Rep. Marcia Hovey-Wright, D-Muskegon, another cosponsor of the bill, said it would promote small business growth, especially in her district, where two breweries are opening this year.

"The craft beer industry in Muskegon is a growing industry, and it's growing statewide," Hovey-Wright said. "This bill helps business that is budding and needs to blossom."





The "absolute explosion" of the microbreweries and brewpubs across the state following a change in Michigan laws 20 years ago was what prompted him to bring this bill forward, Geiss said.

Before that change, the state only had two or three breweries, said Scott Graham, executive director of the Michigan Brewers Guild. Michigan now has more than 150 licensed breweries, the most it has had in the state's history.

The Michigan Brewers Guild, which has 121 members, has been trying to stimulate growth in both industries for years, Graham said, and thinks this could lead to more secure and profitable crops.

The tax credit is given to brewers if 20 percent of the hops used are grown in Michigan, and to other alcoholic beverage producers if they use 40 percent of other Michigan crops. For the first 500 gallons produced, brewers are awarded 18 cents per gallon in tax credit, and for every 14,500,000 gallons after that, 4 cents per gallon is awarded.

The bill is pending before the House Regulatory Reform committee.

 Share / Save   

This entry was posted in Feb. 7, 2014, Legislation and tagged Ashley Weigel, beer, capital news service, cns, craft beer, farm to glass bill, local ingredients, mead, Michigan beer, wine by CNS. Bookmark the permalink

Proposed Farm to Glass legislation: A boon to Michigan farmers?

HB 5275 provides tax incentives for brewers, cider, wine and mead makers to purchase Michigan-grown products.

Rob Sirrine (http://msue.anr.msu.edu/experts/rob_sirriner)

According to the 2013 Demeter Group Investment Bank Report, ["State of the Craft Beer Industry 2013" \(pdf\)](#), the U.S. craft beer sector grew by 13.9% from 2009-2011. While craft beer currently represents only 13.7 percent of overall beer production in the U.S. it is projected to increase to 15 percent by 2020, if current growth rates continue. The report also ranks the state of Michigan as the #1 "high growth state" in terms of increase in number of breweries.

The January/February 2014 Michigan Beer Guide (<http://www.michiganbeerguide.com/>) offers support for growth in Michigan, and notes that 164 craft brewery licenses have been approved in Michigan, up from 128 in 2012. The collective potential for economic development in the craft beer, wine, mead, and cider sectors has caught the eye of elected officials in Lansing.

Michigan House Bill 5275 “Farm to Glass” (<http://www.legislature.mi.gov/%25%28hg41nffdq2oiahhmlkma45%29%29/mileg.aspx?page=getobject&objectname=2014-HB-5275>) legislation was introduced on February 4, 2014, by Representative Douglas Geiss (D) of Taylor, Mich., with several co-sponsors. From January 1, 2015–December 31, 2019, The bill would offer a tax credit for wine, beer, mead or cider that is manufactured and sold in Michigan between January 1, 2015–December 31, 2019 if it meets the following qualifications: Beer must be produced with at least 20 percent of its hops grown or produced in Michigan and at least 40 percent of the other ingredients. Wine, mead or cider must be made with at least 40 percent of its ingredients grown or produced in Michigan. Beginning in 2020, the percentages increase, further spurring the growth of the brewing and winemaking industry in Michigan.

Loosely modeled after legislation in New York, The bill has the potential to increase Michigan production of hops, barley, cider apples, wine grapes and honey. The proposed Michigan law offers: \$0.08 per gallon tax credit for the first 500,000 gallons produced and sold; \$0.04 per gallon tax credit for the next 14,500,000 gallons produced and sold; and no credit allowed after 15,000,000 gallons. While the credits are not as favorable as those in New York, they offer a real opportunity for Michigan farmers to help supply these growing sectors.

For example, Michigan growers are leading the charge across the Great Lakes Region particularly in relation to hops production. A [Michigan State University Extension](#) survey found that Michigan will have nearly 400 acres of hops planted by spring 2014, representing over \$5 million in investment. Michigan currently has eight hop processing operations representing over \$3 million in infrastructure investment.

In support, the Michigan State University Upper Peninsula Research and Extension Center (<http://agbioresearch.msu.edu/centers/uorpc/>) is taking the lead on statewide malting barley cultivar trials, and the MSU Northwest Michigan Horticulture Research Center (<http://agbioresearch.msu.edu/centers/nwmhort/>) has been conducting hard cider apple cultivar trials for several years. For more information visit the Michigan State University Ag BioResearch (<http://agbioresearch.msu.edu/centers/>) webpage.

For more information please contact [Rob Sirrine \(experts/rob_sirrinc\)](mailto:experts/rob_sirrinc) or visit the [MSU Hops Production Website \(http://hops.msu.edu/\)](http://hops.msu.edu/)

Michigan State University Extension (<http://www.maes.msu.edu>)

<http://www.msue.msu.edu> (<http://www.msue.msu.edu>)

<http://expert.msu.e.msu.edu>

<http://export.msu.edu/msu.edu>



Buying local could save money for breweries and wineries

by Brendan Kinney

Posted: 02.11.2014 at 8:39 PM

Brendan Kinney

You can watch Brendan anchoring 7&4 News on Saturday and Sunday nights and reporting during the week.

[read more »](#)

[Friend Brendan](#)

[Follow Brendan](#)

[Contact Brendan](#)

[Brendan's feed](#)

Read more: Local, State, Agriculture, Business, Politics, Economy, Consumer, Tax Breaks for Breweries and Wineries, Breweries, Wineries, Beer, Wine, Northern Michigan Breweries, Representative Wayne Schmidt, Michigan Farm to Glass Bill, Representative Douglas Geiss, Black Star Farms, The Workshop Brewing Company

[save](#) [send](#) [print](#)

The beer and wine business is booming in northern Michigan. Lawmakers are looking to encourage producers to buy local products using a tax break with the Michigan Farm to Glass bill.



It was introduced at the beginning of this month. Lawmakers are focusing on small businesses that produce beer, wine and mead.

"20 years ago it was not legal to have microbreweries and brew pubs... we didn't have anything here in the state of Michigan which would encourage the local producers to source locally," said Michigan State Democratic Representative Douglas Geiss from Taylor.

The new bill is already picking up steam from lawmakers, such as Michigan State Republican Representative Wayne Schmidt.

"He asked me one simple question. 'Is this good for the businesses in my area; the wineries and microbreweries' and I said yes and when he asked is this good for my local farmers I said yes and he said 'where can I sign?'"

The plan is to give tax credit to brewers if 20% of the hops used in their beer are grown in Michigan. Other alcoholic beverage producers will get the credit if 40% of crops from Michigan are used.

"I like the fact that this kind of initiative validates what's really my gut philosophy, which is to support my community," said Pete Kirkwood, founder at The Workshop Brewing Company.

For the first 500,000 gallons produced an eight cent tax credit will be available. For every 14.5 million gallons after that, producers will see a four cent credit.

"We've been watching particularly in New York where they have an active wine industry and brewing industry and small distillery industry where that kind of tax relief was given for home grown products. So it's time to look at doing the same here in Michigan," said Don Coe, Black Star Farms Managing Partner.

Follow Up North Live

[Follow](#)

ADVERTISEMENT



Special Features



[Best Bets Home&Garden](#)



[Health Connections](#)

[Connecting You To The Experts Health Connections](#)



[Health Connections](#)

[Connecting You To The Experts Health Connections](#)



[Best Bets Legal](#)

[View Details](#)

Representative Geiss says the bill still needs to go through the House and Senate. He's hoping the bill will pass by the end of this year.

According to the Michigan Brewers Guild, Michigan's brewing industry contributes more than \$133 million to the economy.

RELATED LINKS

- Traverse City Ale Trail Celtic tours begin
- Microbrew culture is spreading across Northern Michigan



Scott Padgett · Top Commenter · Works at Drug Enforcement Administration

I love michigan beer. Great to see michigan stepping up.

Reply · Like · 3 · February 12 at 8:19am



Anthony Amsden · Get it done man at Meijer
This is awesome!

Reply · Like · 2 · February 13 at 5:11pm



Joe Rapoza · NW Michigan

Is there enough hops grown in Michigan to support the brewers?

Reply · Like · February 12 at 2:29pm



Anthony Amsden · Get it done man at Meijer

There are alot of hop farmers in MI. Enough to fully supply breweries.....probably not buy with this proposal comes more demand and someone will provide supply.

Reply · Like · 1 · February 13 at 5:12pm



David Joseph Thecrambell

we want to. between my dad and i we have 20-30 acres to plant and i know that isn't much, but it is a start.

Reply · Like · 2 · February 18 at 9:01pm



Brian Tennis · Top Commenter · Owner-operator at New Mission Organics

Yes there is enough hops to support Michigan brewers. We are already doing it. This will just be a shot in the arm for small growers.

Reply · Like · 2 · February 19 at 9:21am



Anthony Amsden · Get it done man at Meijer

Brian Tennis thats awesome! I wasnt aware michigan had the capacity currently to fully support michigan breweries.

Reply · Like · 1 · February 19 at 9:38am



Brian Tennis · Top Commenter · Owner-operator at New Mission Organics

Anthony Amsden I wouldn't say "fully support", there is currently 315+ acres in the state, but the brewers who are interested in doing a specialty beer we can handle no problem. However, it's not like we are going to be able to provide hops for a beer like a Two-Hearted, at least not within the next few years.

Reply · Like · 1 · February 19 at 10:12am



Anthony Amsden · Get it done man at Meijer

Find it, click it, use it... your neighborhood business guide.

Auto	Beauty
Culture & Entertainment	Financial Services
Gifts & Retail	Health & Wellness
Health Connections	Home & Garden
Recreation & Travel	Senior Living

ADVERTISEMENT

Giving Back Birthdays to Families In Need



For every 5 birthday parties booked at Incredible Mo's, we will donate 1 back

Latest Headlines



City hopes downtown facelift could be answer to economic woes

Gaylord's City Council met Monday to discuss this plan that they believe will spruce up the downtown region.

[read more »](#)

Light snow showers Monday night & Tuesday

Has flight MH370 been found?

Malaysia PM says MH 370 plunged into Indian Ocean

Train derails, climbs escalator at Chicago airport

Massive deadly Washington landslide leaves no signs of life

[More stories »](#)

Video Headlines

Malaysian MH370 Crashed Into the Indian Ocean

Teen killed by train saving his girlfriend's life

RAW: More than 100 possibly missing in mudslide

G-7 Leaders Pledge Further Steps Against Russia

Time Minute | Breakthrough on Flight 370

[More videos »](#)

Sunday, 23 February 2014 18:53

New nonprofit to advocate for Michigan's hop growers

Written by Nick Manes and Joe Boomgaard



PHOTO COURTESY OF: Brian Tennis

A "boutique" new nonprofit organization aims to draw more attention to one small but growing agribusiness sector in Michigan.

The nascent **Michigan Hop Network**, which launched last week, is designed to be an advocacy organization for Michigan's relatively small community of hop growers and processors.

While other groups are focused on getting hops to market, the Michigan Hop Network aims to raise awareness, educate and advocate for growers and help them make connections with target markets, said Brian Tennis, the group's vice chairman and the director of sales and marketing for the Traverse City-based **Michigan Hop Alliance LLC**.

The industry group has a seven-person board and last week filed paperwork with the state to be designated as a 501(c)(3) nonprofit, he said.

"We don't see it as an organization to create money," Tennis said. "It's more to help farmers than making a profit. We will do some fundraising, but it is strictly for promotional tools. We won't be selling any hops through there, so we figured we may as well make it a nonprofit."

Beer drinkers and breweries can soon expect to see some marketing from the Michigan Hop Network, said Tennis, adding that the group will have a presence at industry events and beer festivals around the state.

Membership in the organization is based on a two-tier system, with the first tier being reserved for commercial growers — those with more than 1 acre and/or 800 plants — and hop processors. Annual dues cost \$100. The second tier can be hobbyist growers with less than 1 acre or people in related industries such as breweries or fertilizer industries. Annual dues for the second tier cost \$75.

The organization expects to have its first full membership meetings sometime this summer.

The beginnings of the Michigan Hop Network trace back to 2011 when **Hop Head Farms LLC** was looking to launch in **Hickory Corners** in Barry County and sought help from the **Barry County Economic Development Alliance**.

The fledgling growers wanted to network with other hop growers and learn together, said Valerie Byrnes, president of the alliance.

Recognizing a possible broader agriculture/food processing economic development opportunity, Byrnes reached out to Rick Chapla, vice president of business development at **The Right Place Inc.**, to collaborate on a regional basis.

The **Michigan Economic Development Corp. (MEDC)** also got behind the concept and provided \$20,000 in grant funding to launch the growers group with regional partners and statewide organizations including the **Michigan State University Extension**.

The initial meetings in Hickory Corners attracted more than 120 growers, Byrnes said.

"We knew there was a need to spur the education," she said. "The individual growers were finding each other, but this really formalizes it. It's a vehicle for them to attract additional funding and expertise. We facilitated the process for them to come together and the growers decided where they wanted to start this."

Among the common themes that emerged early on: Growers needed to learn more about the volume needs and quality standards of the state's micro brewers, Byrnes said.

"The growers had the opportunity to learn from each other right from the start," she said.

While hop growing has a longer history in the Pacific Northwest and although other states and regions have already formed grower organizations, the creation of the Michigan Hop Network attracted plenty of outside attention, including a few growers from Canada, Byrnes said.

The economic developers involved in the group's launch now plan to step back into more of a traditional advisory role for the new nonprofit organization, Byrnes said.



**GROCERY STORES
FEAR HIM**

**Man creates brain-dead simple
system to cutting your
grocery bill by 90%...**

(HINT: It's NOT Coupons)

CLICK HERE TO SEE IT

3/24/2014

New nonprofit to advocate for Michigan's hop growers

"We want to stay engaged and be knowledgeable enough to help them be proactive to grow," she said. "It's in their hands as a board now."

Jeff Steinman, the owner of Hop Head Farms, serves as chairman of the new nonprofit.

Even as the organization takes its first steps as a standalone nonprofit, its advocacy can be seen in current legislation such as House Bill 5275 sponsored by State Rep. Douglas Geiss, D-Taylor, and known as the "Michigan Farm to Glass" bill. The proposal seeks to provide incentives for the state's breweries and wineries to use local ingredients in their spirits.

Despite the booming craft beer scene in Michigan, the hop-growing capacity is very small within the state.

Currently, there are just 313 acres of farmland in the state devoted to growing hops, Tennis said. This compares to the state of Washington which produces 78 percent of the country's hops on 23,368 acres, according to 2011 figures from Hop Growers of America, a national trade group.

But Michigan's standing within the industry can be expected to grow, Tennis said.

"We could easily have a couple thousand (acres) in the next two or three years," he told *MiBiz*. "Even at that point, I don't think we'll be saturated because Michigan breweries are only using a small fraction of Michigan hops in their beers. The more we can grow, the more (breweries) can utilize."

Because the in-state hop market is so small, the price for Michigan hops remains high, Tennis said. As production ramps up, breweries will also begin to realize economies of scale.

"In a couple of years, we will be a lot closer to what a lot of growers are paying on the stock market," he said.

Currently, the majority of Michigan's hop production is done in the northwest part of the state.

Hops typically grow best between the 38th and 50th parallels, and given that the 45th parallel runs through the Old Mission Peninsula just north of Traverse City, the region is in "the sweet spot," Tennis said.

While the push for more local ingredients in the region's craft beers is gaining momentum among some brewers, hopheads should not expect that the state's popular India Pale Ales (IPAs) such as Two Hearted Ale from Bell's Brewery Inc. or Centennial IPA from Founders Brewing Co. will be made with all Michigan hops anytime soon. That's because it would take at least 200 acres of farmland just to supply hops to Bell's for its production of Two Hearted Ale and is compounded by the fact that the hops grown on the West Coast have different flavor profiles than what can be grown in Michigan, Tennis said.

"We're not looking to replace (Michigan breweries') mainstays," Tennis said. "We're looking to add to their portfolio."

Nonprofit Setup-Free Info

nonprofitlegalcenter.com

Expert Startup of 501c3 Nonprofits Cost Effective, Timely,
Hassle Free

Read 1344 times

Last modified on Monday, 24 February 2014 08:46

Tweet 0

Be the first of your friends to like this.

8+1

